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DEPT FOR SA/INS, L
TREASURY FOR OFAC
NSC FOR RICHELSON

E.O. 12958: DECL: 02/17/2016
TAGS: [EFIN](#) [KTFN](#) [NP](#)
SUBJECT: REQUEST FOR DEPARTMENT RESPONSE FOR NEPAL BANK
LIMITED

REF: A. KATHMANDU FEBRUARY 15 O-I

[1](#)B. WASHINGTON JANUARY 19 2005 O-I

Classified By: Ambassador James F. Moriarty, reasons 1.4 (b/d)

[1](#)1. (U) This is an action request, see paragraph five.

[1](#)2. (SBU) On February 16, the Ambassador met with Craig McAllister, the Chief Executive Officer of Nepal Bank Limited (NBL), and undertook to provide a formal response from Washington regarding NBL's attempts to recover approximately USD 758,000 in funds intended to pay for Iraqi purchases of Nepali lentils frozen by and subsequently seized under U.S. Executive Orders in 1990. On December 17, 2004, McAllister wrote a letter to the Ambassador seeking assistance to recover NBL's funds and threatening legal action against the United States Government.

NBL SEEKS TO RECOVER ASSETS

[1](#)3. (SBU) According to NBL, in 1990, a Nepali NBL client entered into a contract with Iraq's State Company for Foodstuff and Trading (SCFT) to provide SCFT USD 2.6 million worth of lentils. At the request of SCFT, Rasheed Bank in Iraq opened a letter of credit through NBL in favor of NBL's client providing the lentils. Claims for payment under the letter of credit were to be made to the Bank of New York in three separate amounts. NBL made two of the three claims for approximately USD 758,000 on June 27, 1990. However, before Rasheed Bank could authorize the payments, Rasheed Bank's account with the Bank of New York was frozen by a U.S. Executive Order.

[1](#)4. (C) NBL's efforts to recover the funds from Iraq have not succeeded. A November 17, 2004 letter from McAllister to the Iraqi Ministry of Finance says that the U.S. State Department advised NBL to direct recovery claims to the Government of Iraq in accordance with United Nations Security Council Resolution 1483 (issued May 22, 2003). The letter further says that Rasheed Bank's funds remained frozen until March 23, 2003, when the United States Government (USG) confiscated the funds under a new Executive Order. (Note: Post re-faxed the November 17, 2004 NBL letter to the Iraqi Ministry of Finance and the December 15, 2004 NBL letter to the Ambassador to SA/INS on February 15, 2006. Post had faxed these letters to the Department in December 2004. End Note.)

ACTION REQUEST

15. (SBU) Post requests Department provide a response to NBL's December 15, 2004 letter requesting the recovery of assets confiscated by the Department of Treasury's Office of Foreign Assets Control (OFAC). Post understands, per ref B, that the Department's legal bureau (L) was working with OFAC to prepare a formal response to NBL in late January 2005.

MORIARTY